MAPLE LEAF FOODS INC.

Interim Report to Shareholders
For the First Quarter Ended
March 31, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis

All dollar amounts are presented in Canadian dollars unless otherwise noted.

May 3, 2022

1. FINANCIAL OVERVIEW

($ millions except earnings per share) (Unaudited)	As at or for the three months ended March 31, 2022	2021	% Change
Sales	**$ 1,126.6**	$ 1,053.1	7.0 %
Net Earnings	**$ 13.7**	$ 47.7	(71.3)%
Basic Earnings per Share	**$ 0.11**	$ 0.39	(71.8)%
Adjusted Operating Earnings[(i)(ii)]	**$ 16.1**	$ 51.5	(68.7)%
Adjusted Earnings per Share[(i)(ii)]	**$ 0.03**	$ 0.27	(88.9)%
Adjusted EBITDA - Meat Protein Group[(i)(ii)]	**$ 97.5**	$ 123.9	(21.3)%
Sales - Plant Protein Group	**$ 44.9**	$ 42.6	5.4 %
Free Cash Flow[(i)]	**$ (186.8)**	$ (195.2)	4.3 %
Construction Capital[(i)]	**$ 615.9**	$ 592.9	3.9 %
Net Debt[(i)]	**$ (1,290.7)**	$ (865.4)	49.1 %

(i) *Refer to section 19. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

(ii) *Certain comparative figures have been restated to conform with current year presentation.*

Sales for the first quarter of 2022 were $1,126.6 million compared to $1,053.1 million last year, an increase of 7.0%, driven by higher sales in the Meat Protein Group and in the Plant Protein Group. For more details on sales performance by operating segment, please refer to section 3. Operating Review.

Net earnings for the first quarter of 2022 were $13.7 million ($0.11 per basic share) compared to $47.7 million ($0.39 per basic share) last year. Net earnings were impacted by COVID-19 operational and supply chain disruptions, inflationary and feed cost increases and higher start-up expenses[(i)], partly offset by higher sales.

Adjusted Operating Earnings for the first quarter of 2022 were $16.1 million compared to $51.5 million last year, and Adjusted Earnings per Share for the first quarter of 2022 were $0.03 compared to $0.27 last year due to similar factors as noted above.

For further discussion on key metrics and a discussion of results by operating segment, refer to section 3. Operating Review below.

(i) *Refer to section 19. Non-IFRS Financial Measures.*

2. RESPONSE TO COVID-19

As an essential service, Maple Leaf Foods Inc. ("Maple Leaf Foods" or the "Company") is focused on protecting the health and well-being of its people, maintaining business continuity and broadening its social outreach. To manage through this unprecedented environment, the Company has taken a number of measures in its business and operating practices that include heightened safety policies and procedures, adopting a vaccination mandate for all employees and contractors, and close communication and collaboration with public health authorities, including hosting on-site vaccination clinics in 2021. The measures enacted to protect the health and safety of employees have increased the Company's current cost structure due to higher labour, personal protective equipment, sanitation and other expenses associated with the pandemic.

Overall, the Company believes its proactive and comprehensive efforts have, and should continue to mitigate adverse operational impacts. As the COVID-19 situation evolves, Maple Leaf Foods will continue to adapt and adopt best practices that prioritize the health and safety of its employees and the stability of the food supply. As part of Maple Leaf Foods' broader social responsibility since the pandemic began, the Company has provided extensive support to front-line staff, emergency food relief efforts and health care providers.

COVID-19 continues to have an impact on the global economy, leading to increased inflation, labour shortages and disruptions in the global supply chain. To date, the Company's leading brands, revenue management capabilities and robust supply chain have enabled it to mitigate these impacts. Maple Leaf Foods continues to monitor the ongoing environment and believes it is well-positioned to face these headwinds.

Management's Discussion and Analysis

3. OPERATING REVIEW

Maple Leaf Foods has two reportable segments. These segments offer different products, with separate organizational structures, brands, financial, and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses: performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), while the performance of the Plant Protein Group is based predominantly on revenue growth rates, gross margin optimization and controlling selling, general and administrative ("SG&A") investment levels, which generate high revenue growth rates.

The following table summarizes the Company's sales, gross profit, SG&A, Adjusted Operating Earnings, Adjusted EBITDA, and Adjusted EBITDA Margin by operating segment for the three months ended March 31, 2022 and March 31, 2021.

	Three months ended March 31, 2022				Three months ended March 31, 2021			
($ millions)[i] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[ii]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Sales	**$ 1,089.4**	**44.9**	**(7.7)**	**$ 1,126.6**	$ 1,013.7	42.6	(3.2)	$ 1,053.1
Gross profit (loss)	**$ 131.0**	**(6.3)**	**29.2**	**$ 153.9**	$ 166.1	0.1	26.7	$ 193.0
Selling, general and administrative expenses	**$ 88.6**	**30.8**	**—**	**$ 119.5**	$ 87.1	28.8	—	$ 115.9
Adjusted Operating Earnings[iii][iv]	**$ 51.0**	**(34.9)**	**—**	**$ 16.1**	$ 79.6	(28.1)	—	$ 51.5
Adjusted EBITDA[iii][iv]	**$ 97.5**	**(30.7)**	**—**	**$ 66.8**	$ 123.9	(24.4)	—	$ 99.5
Adjusted EBITDA Margin[iii][iv]	**9.0%**	**(68.4%)**	**n/a**	**5.9%**	12.2%	(57.2%)	n/a	9.4%

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, changes in the fair value of biological assets and derivatives, and non-allocated costs which are comprised of expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment's operating results.*

(iii) *Refer to section 19. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

Meat Protein Group

The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, snack kits, value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels, and agricultural operations in pork and poultry. The Meat Protein Group includes leading brands such as Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, and other leading regional brands.

Sales for the first quarter of 2022 increased 7.5% to $1,089.4 million compared to $1,013.7 million last year. Sales growth was driven by pricing action implemented in prior quarters to mitigate inflation and structural cost increases, a favourable mix-shift in product sales, including growth in sustainable meats, branded products and growth in sales to the United States, partially offset by lower hog volumes processed and the impact of foreign exchange.

Gross profit for the first quarter of 2022 was $131.0 million (gross margin[i] of 12.0%) compared to $166.1 million (gross margin[i] of 16.4%) last year. Gross profit was negatively impacted by COVID-19 operational and supply chain disruptions, inflationary cost increases and higher feed costs, partially offset by pricing action. Gross profit for the first quarter included start-up expenses[ii] of $8.7 million (2021: $0.6 million) associated with Construction Capital[i] projects, which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the first quarter of 2022 were $88.6 million compared to $87.1 million last year. The increase in SG&A was largely driven by a normalization of discretionary spending levels and donations to support the relief efforts in Ukraine.

Adjusted Operating Earnings for the first quarter of 2022 were $51.0 million compared to $79.6 million last year, driven by factors noted above.

Adjusted EBITDA for the first quarter of 2022 were $97.5 million compared to $123.9 million last year, driven by factors consistent with those noted above. Adjusted EBITDA Margin for the first quarter was 9.0% compared to 12.2% last year, also driven by factors consistent with those noted above.

Plant Protein Group

The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein, and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the leading brands Lightlife® and Field Roast™.

Management's Discussion and Analysis

Sales for the first quarter of 2022 were $44.9 million compared to $42.6 million last year, representing an increase of 5.3%, or 5.2% after excluding the impacts of foreign exchange. The sales increase was driven by higher volumes as well as pricing action implemented to mitigate inflation and structural cost increases.

Gross profit for the first quarter of 2022 was a loss of $6.3 million (gross margin loss[(i)] of 14.0%) compared to a gross profit of $0.1 million (gross margin[(i)] of 0.3%) last year. The decrease in gross profit was driven by inflationary costs and strategic investments in capacity ahead of anticipated demand, which has resulted in increased overhead and transitory costs. This was partially offset by pricing action and higher volumes. Gross profit for the quarter also included start-up expenses of $2.2 million (2021: $0.6 million) associated with Construction Capital[(ii)] projects which are excluded in the calculation of Adjusted Operating Earnings.

SG&A expenses for the first quarter of 2022 were $30.8 million (68.7% of sales) compared to $28.8 million (67.6% of sales) last year. The increase in SG&A was mainly attributable to higher consulting and people costs, partially offset by reduced advertising expenses.

Adjusted Operating Earnings for the first quarter of 2022 were a loss of $34.9 million compared to a loss of $28.1 million last year. The decline in Adjusted Operating Earnings is consistent with the factors noted above.

(i) *Gross margin is defined as gross profit (loss) divided by sales.*

(ii) *Refer to section 19. Non-IFRS Financial Measures of this document for the definition of these non-IFRS measures.*

(iii) *Certain comparative figures have been restated to conform with current year presentation.*

4. RESTRUCTURING AND OTHER RELATED COSTS

During the three months ended March 31, 2022, the Company recorded restructuring and other related costs of $3.0 million (2021: $1.7 million). Of this amount, $1.1 million (2021: $1.0 million) related to accelerated depreciation and $1.9 million (2021: $0.5 million) related to severance and other employee costs as a result of the announced future closure of the Schomberg poultry plant as well as the previously announced future closures of the Brampton, Toronto, St. Mary's poultry plants. The remaining $0.2 million in 2021 related to employee related costs for other organizational restructuring initiatives.

5. INCOME TAXES

The Company's income tax expense for the first quarter of 2022 resulted in an effective tax rate of 35.0% (2021: 27.6%). The higher effective tax rate in the first quarter of 2022 is primarily due to the geographic mix of earnings and losses and a higher proportion of non-deductible expenses. The effective tax rate in the first quarter of 2022 used in determining Adjusted Earnings per Share is 52.2% (2021: 27.6%). The higher effective tax rate in the first quarter of 2022 is due to the reasons described above. In the first quarter of 2022, the effective tax recovery rate on restructuring charges used in the computation of Adjusted Earnings per Share is 25.6% (2021: 25.7%).

6. CAPITAL RESOURCES

The consumer foods industry in which the Company operates is generally characterized by high sales volume and high turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital is affected by fluctuations in the price of raw materials, seasonal and other market-related fluctuations. The Company has consistently generated a strong base level of operating cash flow, even in periods of higher commodity prices and during the restructuring of its operations. These operating cash flows provide a base of underlying liquidity that the Company supplements with credit facilities and cash on hand to provide longer-term funding and to finance fluctuations in working capital levels.

The Company's cash balance as at March 31, 2022 was $66.5 million (March 31, 2021: $101.0 million; December 31, 2021: $162.0 million). Cash is held in demand and short-term investment deposits with Canadian financial institutions having long-term debt ratings of A or higher.

Management's Discussion and Analysis

The composition of long-term debt is shown below:

($ thousands) *(Unaudited)*	**As at March 31, 2022**	As at March 31, 2021	As at December 31, 2021
Revolving line of credit	**$ 664,376**	$ 275,000	$ 555,219
U.S. term credit	**330,667**	333,026	334,828
Canadian term credit	**350,000**	350,000	350,000
Government loans	**12,169**	8,346	12,202
Total long-term debt	**$ 1,357,212**	$ 966,372	$ 1,252,249
Current	**$ 5,220**	$ 913	$ 5,176
Non-current	**1,351,992**	965,459	1,247,073
Total long-term debt	**$ 1,357,212**	$ 966,372	$ 1,252,249
Construction Capital[(i)] included in total long-term debt	**$ 592,879**	$ 580,227	$ 719,216

[(i)] *Refer to section 19. Non-IFRS Financial Measures of this document for the definition of this non-IFRS measure.*

The Company has a syndicated credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US$265.0 million and $350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments in addition to providing appropriate levels of liquidity for general corporate purposes. On December 11, 2019, the Company amended the Credit Facility to reduce interest paid upon achievement of certain sustainability targets. Subsequent to the issuance of the Company's 2020 Sustainability Report, the Company successfully achieved these sustainability targets. This reduction took effect in the fourth quarter of 2021. There is no penalty for not achieving the targets. In addition to the drawings on the revolving facility and the term credit, as at March 31, 2022 the Company had drawn letters of credit of $8.0 million on the Credit Facility (March 31, 2021: $6.4 million; December 31, 2021: $8.2 million).

The Credit Facility requires the maintenance of certain covenants. As at March 31, 2022, the Company was in compliance with all of these covenants. The primary financial covenant requires that the Company maintain a Total Debt to Capitalization ratio below a specified threshold.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (March 31, 2021: $125.0 million; December 31, 2021: $125.0 million). As at March 31, 2022, $58.6 million in letters of credit had been issued thereon (March 31, 2021: $66.8 million; December 31, 2021: $66.8 million).

The Company has various government loans on specific projects, with contractual interest rates ranging from non-interest bearing to 2.9% per annum (March 31, 2021: 0.0% to 2.9%; December 31, 2021: 0.0% to 2.9%). These specific facilities are repayable over various terms and are maturing from 2022 to 2032. As at March 31, 2022, $12.2 million (March 31, 2021: $8.3 million; December 31, 2021: $12.2 million) was outstanding. All of these facilities are committed.

The Company has a three-year accounts receivable securitization facility (the "Securitization Facility") maturing July 19, 2022. The maximum cash advance available to the Company under the Securitization Facility is $120.0 million (March 31, 2021: $120.0 million; December 31, 2021: $120.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

As at March 31, 2022, the Company had $160.7 million (March 31, 2021: $155.5 million; December 31, 2021: $145.6 million) of trade accounts receivable serviced under the Securitization Facility. In return for the sale of its trade receivables, the Company will receive cash of $120.0 million (March 31, 2021: $120.0 million; December 31, 2021: $112.3 million) and notes receivable in the amount of $40.7 million (March 31, 2021: $35.5 million; December 31, 2021: $33.3 million). The notes receivable are non-interest bearing and are settled on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the Securitization Facility. As at March 31, 2022, the Company recorded a net receivable in the amount of $14.3 million (March 31, 2021: $11.9 million net receivable; December 31, 2021: $7.7 million net payable) in notes receivables (March 31, 2021: notes receivables; December 31, 2021: accounts payable and accruals). The facility is accounted for as an off-balance sheet transaction in accordance with International Financial Reporting Standards ("IFRS").

Management's Discussion and Analysis

The Securitization Facility is subject to certain restrictions, including the maintenance of covenants. The Company was in compliance with all of the requirements of this facility as at March 31, 2022. If the Securitization Facility were to be terminated, the Company would recognize the related amounts on the unaudited condensed consolidated interim balance sheets ("Consolidated Interim Balance Sheets") and consider alternative financing if required.

7. CAPITAL EXPENDITURES

Capital expenditures for the first quarter were $89.4 million, compared to $184.7 million in the first quarter of last year. The decrease in capital expenditures was primarily attributable to reduced spend as the build-out of the Indianapolis, Indiana plant protein facility, expansion of the Bacon Centre of Excellence in Winnipeg, Manitoba and modifications to the Company's existing network in order to create additional plant protein capacity were completed.

The Company's capital expenditure estimate for the full year of 2022 remains unchanged and in the range of $400 million to $500 million, with approximately 50% to be comprised of Construction Capital attributable to the construction of the London, Ontario poultry facility and the remainder largely relating to other projects to add growth and capacity in the Prepared Meats business and to expand hog production.

8. NORMAL COURSE ISSUER BID

On May 20, 2021 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2021 and will terminate on May 24, 2022, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three months ended March 31, 2022, no shares were repurchased for cancellation.

On May 21, 2020 the TSX accepted the Company's notice of intention to commence an NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2020 and was terminated on May 24, 2021. During the three months ended March 31, 2021, no shares were purchased for cancellation.

9. CASH FLOW AND FINANCING

Cash and cash equivalents were $66.5 million at the end of the first quarter of 2022, compared to $101.0 million at the end of the first quarter of 2021, and $162.0 million as at December 31, 2021. The decrease in cash and cash equivalents for the three months ended March 31, 2022 was primarily due to investment in long-term assets, investment in working capital, dividend payments, and income tax payments, partially offset by earnings and loans drawn on the Credit Facility.

Cash Flow from Operating Activities

Cash used in operating activities for the first quarter of 2022 was $85.0 million compared to $30.2 million in 2021. The increase was mainly due to lower earnings, higher investment in working capital and higher interest payments, partially offset by lower income tax payments and a change in derivative margins.

Cash Flow from Investing Activities

Cash used in investing activities for the first quarter of 2022 was $101.7 million compared to $164.4 million in 2021. The decrease was mainly due to lower investment in long-term assets.

Cash Flow from Financing Activities

Cash from financing activities for the first quarter of 2022 was $91.1 million compared to $194.8 million in 2021. The decrease was primarily due to lower drawings on the Credit Facility and higher dividend payments.

10. FINANCIAL INSTRUMENTS

The Company applies hedge accounting as appropriate and uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates, interest rates, and commodity prices.

During the three months ended March 31, 2022, the Company recorded a pre-tax loss of $8.2 million (2021: loss of $14.8 million) on non-designated financial instruments held for trading.

During the three months ended March 31, 2022, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of $0.0 million (2021: loss of $0.0 million).

Management’s Discussion and Analysis

The table below sets out fair value measurements of derivative financial instruments as at March 31, 2022 using the fair value hierarchy:

($ thousands) *(Unaudited)*		**Level 1**	**Level 2**	**Level 3**		**Total**
Assets:						
Foreign exchange contracts	$	—	3,226	—	$	3,226
Commodity contracts[(i)]		—	1,631	—		1,631
Interest rate swaps		—	7,275	—		7,275
	$	**—**	**12,132**	**—**	**$**	**12,132**
Liabilities:						
Foreign exchange contracts	$	—	949	—	$	949
Commodity contracts[(i)]		12,658	—	—		12,658
Interest rate swaps		—	4,178	—		4,178
	$	**12,658**	**5,127**	**—**	**$**	**17,785**

[(i)] *Level 1 commodity contracts are net settled and recorded as a net asset or liability on the Consolidated Interim Balance Sheets.*

There were no transfers between levels for the three months ended March 31, 2022.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available and is consistent with the methodology used in the Company’s 2021 annual audited Consolidated Financial Statements. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Accumulated other comprehensive income (loss)

During the three months ended March 31, 2022, a loss of $1.0 million, net of tax of $0.4 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2021: loss of $1.1 million, net of tax of $0.4 million).

During the three months ended March 31, 2022, the gain on the net investment hedge recorded in other comprehensive income (loss) was $3.6 million, net of tax of $0.6 million (2021: gain of $3.8 million, net of tax of $0.7 million).

11. TRANSACTIONS WITH RELATED PARTIES

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three months ended March 31, 2022, the Company contributed $7.7 million (2021: $7.6 million) to these plans.

The Company’s largest shareholder is McCain Capital Inc. (“MCI”). The Company has been informed that Mr. Michael H. McCain, Chief Executive Officer and President of the Company, is the controlling shareholder of MCI. For the three months ended March 31, 2022, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of $0.8 million (2021: $0.0 million), which represented the market value of these transactions. As at March 31, 2022, $0.3 million (March 31, 2021: $0.0 million; December 31, 2021: $0.6 million) was owed to MCI and companies directly or indirectly owned by MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three months ended March 31, 2022 and 2021, the Company provided services to and received services from, MFAS for a nominal amount which represented the market value of the transactions.

12. SHARE CAPITAL

As at April 27, 2022, there were 124,887,648 common shares issued and outstanding.

13. OTHER MATTERS

On May 3, 2022, the Board of Directors approved a quarterly dividend of $0.20 per share (an increase of $0.02 per share from the 2021 first quarter dividends), $0.80 per share on an annual basis, payable June 30, 2022 to shareholders of record at the close of business June 8, 2022. Unless indicated otherwise by the Company at or before the time the dividend is paid, the dividend will be considered an eligible dividend for the purposes of the “Enhanced Dividend Tax Credit System”.

Management’s Discussion and Analysis

14. MAPLE LEAF CENTRE FOR ACTION ON FOOD SECURITY

The Maple Leaf Centre for Action on Food Security (the “Centre”) is the primary expression of the Company's sustainability strategy pillar of better communities. The Centre is a registered charity working to reduce food insecurity through collaboration with other organizations and individuals, through advocating for critical policies and investing in programs required to make sustainable improvements in food security. Additional information regarding the Centre is available on its website at https://www.feedopportunity.com.

Management's Discussion and Analysis

15. SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information for each quarter in the last two fiscal years:

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
($ millions)[(i)(v)]	**2022**	2021	2021	2020	2021	2020	2021	2020
Sales								
Meat Protein Group	**$1,089.4**	$1,013.7	$1,085.2	$1,080.3	$1,150.3	$1,014.4	$1,117.5	$1,040.4
Plant Protein Group	**44.9**	42.6	45.5	52.5	48.0	51.4	48.1	60.6
Non-allocated[(ii)]	**(7.7)**	(3.2)	(10.2)	(3.6)	(9.7)	(8.6)	(6.7)	(6.4)
Total Sales	**$1,126.6**	$1,053.1	$1,120.5	$1,129.2	$1,188.6	$1,057.2	$1,158.9	$1,094.6
Gross profit								
Meat Protein Group	**$ 131.0**	$ 166.1	$ 152.2	$ 185.7	$ 191.5	$ 160.6	$ 167.0	$ 176.6
Plant Protein Group	**(6.3)**	0.1	(10.0)	0.3	(3.3)	3.4	0.3	7.9
Non-allocated[(ii)]	**29.2**	26.7	0.1	(5.7)	(0.1)	64.1	(31.7)	(17.2)
Total Gross profit	**$ 153.9**	$ 193.0	$ 142.3	$ 180.3	$ 188.2	$ 228.1	$ 135.7	$ 167.3
SG&A								
Meat Protein Group	**$ 88.6**	$ 87.1	$ 80.2	$ 94.2	$ 85.9	$ 80.7	$ 81.2	$ 83.7
Plant Protein Group	**30.8**	28.8	39.8	32.5	34.4	46.5	29.8	34.1
Total SG&A	**$ 119.5**	$ 115.9	$ 120.0	$ 126.8	$ 120.3	$ 127.2	$ 110.9	$ 117.8
Net Earnings (loss)	**$ 13.7**	$ 47.7	$ 1.9	$ 25.4	$ 44.5	$ 66.0	$ 8.8	$ 25.7
Earnings (Loss) Per Share[(iii)]								
Basic	**$ 0.11**	$ 0.39	$ 0.02	$ 0.20	$ 0.36	$ 0.54	$ 0.07	$ 0.21
Diluted	**$ 0.11**	$ 0.38	$ 0.01	$ 0.20	$ 0.35	$ 0.53	$ 0.07	$ 0.21
Adjusted Operating Earnings[(iv)]								
Meat Protein Group	**$ 51.0**	$ 79.6	$ 77.8	$ 92.0	$ 107.6	$ 80.4	$ 87.3	$ 93.3
Plant Protein Group	**(34.9)**	(28.1)	(47.8)	(32.3)	(37.1)	(43.1)	(29.1)	(26.3)
Total Adjusted Operating Earnings	**$ 16.1**	$ 51.5	$ 30.0	$ 59.8	$ 70.6	$ 37.3	$ 58.3	$ 67.0
Adjusted EBITDA[(iv)]								
Meat Protein Group	**$ 97.5**	$ 123.9	$ 120.7	$ 137.1	$ 151.3	$ 123.0	$ 131.2	$ 138.6
Plant Protein Group	**(30.7)**	(24.4)	(43.9)	(28.7)	(33.4)	(39.6)	(25.5)	(22.6)
Non-allocated[(ii)]	**—**	—	(0.4)	1.3	—	(0.5)	—	—
Total Adjusted EBITDA	**$ 66.8**	$ 99.5	$ 76.3	$ 109.6	$ 118.0	$ 83.0	$ 105.7	$ 116.0
Adjusted EBITDA Margin[(iv)]								
Meat Protein Group	**9.0 %**	12.2 %	11.1 %	12.7 %	13.2 %	12.1 %	11.7 %	13.3 %
Plant Protein Group	**(68.4)%**	(57.2)%	(96.6)%	(54.7)%	(69.6)%	(77.0)%	(53.1)%	(37.2)%
Total Adjusted EBITDA Margin	**5.9 %**	9.4 %	6.8 %	9.7 %	9.9 %	7.8 %	9.1 %	10.6 %

(i) *Totals may not add due to rounding.*

(ii) *Non-Allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment's operating results.*

(iii) *Per share information is based on amounts attributable to common shareholders.*

(iv) *Refer to section 19. Non-IFRS Financial Measures of this document.*

(v) *Certain comparative figures have been restated to conform with current year presentation.*

Management's Discussion and Analysis

Fluctuations in quarterly sales can be attributed to changes in pricing, volume, sales mix and the impact of foreign exchange translation.

Fluctuations in quarterly net earnings can be attributed to similar factors as noted above, pork and poultry industry processing margins, restructuring and other related costs, operating efficiencies, changes in the fair value of derivative and non-derivative financial instruments and biological assets, transitional costs incurred, provision adjustments, gains/losses on disposal of assets and changes in tax regulations.

For an explanation and analysis of quarterly results, refer to the Company's Management's Discussion and Analysis for each of the respective quarterly periods which are filed on SEDAR and also available on the Company's website at www.mapleleaffoods.com.

16. SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

Beginning on January 1, 2022, the Company adopted certain International Financial Reporting Standards ("IFRS") and amendments. As required by International Accounting Standard ("IAS") 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

Onerous Contracts - Cost of Fulfilling a Contract

Beginning January 1, 2022, the Company adopted the amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to the contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling that contract. The adoption of the amendment did not have a material impact on the Consolidated Interim Financial Statements.

Annual Improvements to IFRS (2018-2020) Cycle

Beginning January 1, 2022, the Company adopted the narrow-scope amendments to three standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability in accordance with IFRS 9. The amendments also remove the requirement in IAS 41 *Agriculture* for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. Lastly, an amendment was made to IFRS 1 *First-time Adoption of International Financial Reporting Standards* for subsidiaries as a first-time adopter. The adoption of the amendment did not have a material impact on the Consolidated Interim Financial Statements.

Accounting Pronouncements Issued But Not Yet Effective

Classification of Liabilities as Current or Non-current

On January 23, 2020, an amendment was issued to IAS 1 *Presentation of Financial Statements* to address inconsistencies with how entities classify current and non-current liabilities. The amendment serves to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the Consolidated Interim Balance Sheets. This amendment is effective on January 1, 2023. The Company intends to adopt this amendment in its Consolidated Interim Financial Statements or the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Interim Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements)*. The amendments help companies provide useful accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Interim Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On May 7, 2021 the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 *Income Taxes* (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Interim Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Management's Discussion and Analysis

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Consolidated Financial Statements.

17. INTERNAL CONTROLS OVER FINANCIAL REPORTING

There has been no change in the Company's internal control over financial reporting during the period beginning on January 1, 2022 and ended on March 31, 2022, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

18. OUTLOOK

Maple Leaf Foods is a leading consumer protein company, supported by a portfolio of market leading brands, a solid balance sheet and capital structure that provide financial flexibility. Over the last several years, the Company has developed a foundation to pursue compelling growth vectors across its business and to create value for all stakeholders.

Meat Protein Group

In Meat Protein, the Company's strategy is to drive profitable growth. In 2017, Maple Leaf Foods articulated its target to reach an Adjusted EBITDA Margin of 14% - 16% in 2022.

Based on the current operating environment, Maple Leaf Foods expects that its Meat Protein Group will achieve the following in 2022:

- Mid-to-high single digit sales growth, driven by continued momentum in sustainable meats, leveraging brand leadership, and growth into the U.S. market.
- Adjusted EBITDA Margin expansion, reaching the lower end of the 14% - 16% target by the end of the year, driven by mix-shift benefits in prepared meats resulting from growth in sustainable meats and brand renovation, as well as operational efficiencies, and assuming pork complex conditions evolve in-line with the 5-year average.

Plant Protein Group

- In late 2021, the Company announced that it was re-evaluating its outlook for the Plant Protein Group and launching a comprehensive review of the overall plant protein category. This decision was driven by a pronounced slowdown in growth rates in the category, particularly in the second half of the year, which fueled the Company's imperative to identify and thoroughly assess the causes, near and long-term trends, and overall implications. While the Company's analysis is ongoing, the results to date confirm that the very high category growth rates previously predicted by many industry experts are unlikely to be achieved given current customer feedback, experience, buy rates and household penetration. Based on this new information, the Company believes that the category will continue to grow at more modest, but still attractive rates. Current estimates suggest that the category will grow at an average annual rate of 10% to 15%, making it a $6 to $10 billion market by 2030. Accordingly, the Company is pivoting its strategy and investment thesis for the Plant Protein Group and is setting a new goal to deliver neutral or better Adjusted EBITDA in the latter half of 2023. Work is ongoing to build out the strategy to support this pivot, as the Company recalibrates the investment to align with the market opportunity. Given the current size of the Plant Protein Group of approximately US$150 million of annual revenue in 2021, the expected resultant business model from this strategy would deliver a 30% gross margin, with less than US$50 million in SG&A, to achieve the stated Adjusted EBITDA target.

Capital

- The Company's capital expenditure estimate for the full year of 2022 remains unchanged and in the range of $400 million to $500 million, with approximately 50% to be comprised of Construction Capital attributable to the construction of the London, Ontario poultry facility and the remainder largely relating to other projects to add growth and capacity in the Prepared Meats business and to expand hog production.
- The Company expects the London, Ontario poultry facility to start to deliver approximately $100 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be by the end of 2023. Additionally, the Company expects the Bacon Center of Excellence to contribute approximately $30 million annually of additional Adjusted EBITDA once fully ramped up which is expected to be in the second half of 2023.

The ongoing effects of COVID-19 induced supply chain disruptions and the war in Ukraine are unpredictable and may impact a number of factors that drive growth in the business, including:

- Agricultural commodity and foreign exchange markets;
- Inflationary cost pressures;
- Disruptions in the global supply chain;
- Availability of labour; and
- The balance between retail and foodservice demand.

Management’s Discussion and Analysis

For more information on the impact of COVID-19 on the business and the associated risks, refer to section 2. Response to COVID-19, and for more information on the factors that may influence our future performance, see section 20. Forward-Looking Statements.

The execution of the Company's financial and operational priorities are embedded in a commitment to deliver shared value for the benefit of all stakeholders. The Company’s guiding pillars to be the “Most Sustainable Protein Company on Earth” include Better Food, Better Care, Better Communities, Better Planet and are core to how Maple Leaf Foods conducts itself. To that end, the Company’s priorities include:

- *Better Food* - leading the real food movement and transitioning key brands to 100% “raised without antibiotics”.
- *Better Care* - further advancement of animal care, after achieving our transition of all sows under management to open housing systems in 2021.
- *Better Communities* - investing approximately 1% of pre-tax profit to advance sustainable food security.
- *Better Planet* - continuing to amplify its commitment to carbon neutrality, while focusing on eliminating waste in any resources it consumes, including food, energy, water, packaging, and time.

19. NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, Adjusted EBITDA Margin, Construction Capital, Net Debt, Free Cash Flow and Return on Net Assets. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted Operating Earnings, Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures used by Management to evaluate financial operating results. Adjusted Operating Earnings is defined as earnings before other income, income taxes and interest expense adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Adjusted EBITDA is defined as Adjusted Operating Earnings plus depreciation and intangible asset amortization, adjusted for items included in other expense that are considered representative of ongoing operational activities of the business. Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by sales.

Management's Discussion and Analysis

The table below provides a reconciliation of earnings (loss) before income taxes as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Operating Earnings and Adjusted EBITDA for the three months ended March 31, 2022 as indicated below. Management believes that these non-IFRS measures are useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	Three months ended March 31, 2022				Three months ended March 31, 2021			
($ millions)[(i)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Earnings (loss) before income taxes	**$ 37.8**	**(37.1)**	**20.4**	**$ 21.0**	$ 76.2	(28.7)	18.4	$ 65.9
Interest expense and other financing costs	**—**	**—**	**7.7**	**7.7**	—	—	5.0	5.0
Other expense	**1.5**	**—**	**1.1**	**2.6**	1.1	0.1	3.3	4.5
Restructuring and other related costs	**3.0**	**—**	**—**	**3.0**	1.7	—	—	1.7
Earnings (loss) from operations	**$ 42.3**	**(37.1)**	**29.2**	**$ 34.4**	$ 79.0	(28.7)	26.7	$ 77.1
Start-up expenses from Construction Capital[(iii)(iv)]	**8.7**	**2.2**	**—**	**10.9**	0.6	0.6	—	1.2
Change in fair value of biological assets	**—**	**—**	**(39.3)**	**(39.3)**	—	—	(38.5)	(38.5)
Unrealized loss on derivative contracts	**—**	**—**	**10.1**	**10.1**	—	—	11.8	11.8
Adjusted Operating Earnings[(iv)]	**$ 51.0**	**(34.9)**	**—**	**$ 16.1**	$ 79.6	(28.1)	—	$ 51.5
Depreciation and amortization	**48.0**	**4.2**	**—**	**52.3**	45.5	3.8	—	49.2
Items included in other income (expense) representative of ongoing operations[(v)]	**(1.5)**	**—**	**—**	**(1.5)**	(1.2)	(0.1)	—	(1.3)
Adjusted EBITDA[(iv)]	**$ 97.5**	**(30.7)**	**—**	**$ 66.8**	$ 123.9	(24.4)	—	$ 99.5
Adjusted EBITDA Margin[(iv)]	**9.0%**	**(68.4)%**	**n/a**	**5.9%**	12.2%	(57.2)%	n/a	9.4%

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment's operating results.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

(v) *2022 primarily includes legal settlements, gains and losses on the sale of long-term assets, and other miscellaneous expenses. 2021 primarily includes insurance settlements, gains and losses on sale of long-term assets and gains and losses on equity investments.*

Adjusted Earnings per Share

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as basic earnings per share and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings per share as reported under IFRS in the Consolidated Interim Financial Statements to Adjusted Earnings per Share for the three months ended March 31, 2022 as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

Management's Discussion and Analysis

($ per share) *(Unaudited)*	Three months ended March 31, **2022**	2021
Basic earnings per share	**$ 0.11**	$ 0.39
Restructuring and other related costs[(i)]	**0.02**	0.01
Items included in other expense not considered representative of ongoing operations[(ii)]	**0.01**	0.02
Start-up expenses from Construction Capital[(iii)(iv)]	**0.07**	0.01
Change in fair value of biological assets	**(0.24)**	(0.23)
Change in unrealized fair value on derivatives	**0.06**	0.07
Adjusted Earnings per Share[(iv)(v)]	**$ 0.03**	$ 0.27

(i) *Includes per share impact of restructuring and other related costs, net of tax.*

(ii) *Primarily includes legal fees and provisions and transaction related costs, net of tax.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

(v) *Totals may not add due to rounding.*

Construction Capital

Construction Capital, a non-IFRS measure, is used by Management to evaluate the amount of capital resources invested in specific strategic development projects that are not yet operational. It is defined as investments and related financing charges in projects over $50.0 million that are related to longer-term strategic initiatives, with no returns expected for at least 12 months from commencement of construction and the asset will be re-categorized from Construction Capital once operational. The current balance of construction capital includes investments in the London, Ontario poultry production facility. The expansion of the Bacon Centre of Excellence in Winnipeg, Manitoba, was completed in the fourth quarter of 2021 and recategorized. Investments in plant protein capacity at the Walker Drive facility in Brampton, Ontario, and the plant protein production facilities in Indiana were completed in the first quarter of 2022 and have been recategorized. The following table is a summary of Construction Capital activity and debt financing for the periods indicated below.

($ thousands) *(Unaudited)*	**2022**	2021
Property and equipment and intangibles at January 1	**$ 2,554,483**	$ 2,062,683
Other capital and intangible assets at January 1[(i)]	**1,811,164**	1,622,094
Construction Capital at January 1	**$ 743,319**	$ 440,589
Additions[(ii)]	**54,776**	152,342
Transfers from Construction Capital	**(182,210)**	—
Construction Capital at March 31[(iii)]	**$ 615,885**	$ 592,931
Other capital and intangible assets at March 31[(i)]	**1,975,946**	1,610,331
Property and equipment and Intangibles at March 31	**$ 2,591,831**	$ 2,203,262
Construction Capital debt financing[(iv)]	**$ 592,879**	$ 580,227

(i) *Other capital and intangible assets consists of property and equipment and intangibles that do not meet the definition of Construction Capital.*

(ii) *Certain comparative figures have been restated to conform with current year presentation.*

(iii) *As at March 31, 2022, the net book value of construction capital includes $2.1 million related to intangible assets (March 31, 2021: $1.4 million; December 31, 2021: $2.5 million).*

(iv) *Assumed to be fully funded by debt to the extent that the Company has Net Debt outstanding. Construction Capital debt financing excludes interest paid and capitalized.*

Management's Discussion and Analysis

Net Debt

The following table reconciles Net Debt to amounts reported under IFRS in the Company's Consolidated Interim Financial Statements as at March 31, as indicated below. The Company calculates Net Debt as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands) *(Unaudited)*	**As at March 31, 2022**	**As at March 31, 2021**
Cash and cash equivalents	**$ 66,476**	$ 100,977
Current portion of long-term debt	**$ (5,220)**	$ (913)
Long-term debt	**(1,351,992)**	(965,459)
Total debt	**$(1,357,212)**	$ (966,372)
Net Debt	**$(1,290,736)**	$ (865,395)

Free Cash Flow

Free Cash Flow, a non-IFRS measure, is used by Management to evaluate cash flow after investing in the maintenance or expansion of the Company's asset base. It is defined as cash provided by operations, less cash additions to long-term assets and capitalized interest. The following table calculates Free Cash Flow for the periods indicated below:

($ thousands) *(Unaudited)*	**Three months ended March 31, 2022**	**Three months ended March 31, 2021**
Cash used in operating activities	**$ (84,993)**	$ (30,234)
Additions to long-term assets	**(97,305)**	(160,967)
Interest paid and capitalized	**(4,497)**	(3,971)
Free Cash Flow	**$ (186,795)**	$ (195,172)

Return on Net Assets

Return on Net Assets ("RONA") is calculated by dividing tax effected earnings from operations (adjusted for items which are not considered representative of the underlying operations of the business) by average monthly net assets. Net assets are defined as total assets (excluding cash and deferred tax assets) less non-interest bearing liabilities (excluding deferred tax liabilities). Management believes that RONA is an appropriate basis upon which to evaluate long-term financial performance.

Quarterly Non-IFRS Financial Measures

	Three months ended December 31, 2021				Three months ended December 31, 2020			
($ millions)[(i)] *(Unaudited)*	**Meat Protein Group**	**Plant Protein Group**	**Non-Allocated**[(ii)]	**Total**	Meat Protein Group	Plant Protein Group	Non-Allocated[(ii)]	Total
Earnings (loss) before income taxes	**$ 67.8**	**(49.9)**	**(10.7)**	**$ 7.3**	$ 89.4	(32.3)	(21.7)	$ 35.4
Interest expense and other financing costs	**—**	**—**	**6.5**	**6.5**	—	—	8.0	8.0
Other expense	**3.0**	**0.1**	**4.2**	**7.3**	0.9	—	8.0	8.9
Restructuring and other related costs	**1.2**	**—**	**—**	**1.2**	1.2	—	—	1.2
Earnings (loss) from operations	**$ 72.0**	**(49.8)**	**0.1**	**$ 22.3**	$ 91.5	(32.3)	(5.7)	$ 53.5
Start-up expenses from Construction Capital[(iii)(iv)]	**5.8**	**2.0**	**—**	**7.7**	0.5	—	—	0.5
Change in fair value of biological assets	**—**	**—**	**(0.3)**	**(0.3)**	—	—	(1.8)	(1.8)
Unrealized loss on derivative contracts	**—**	**—**	**0.2**	**0.2**	—	—	7.6	7.6
Adjusted Operating Earnings[(iv)]	**$ 77.8**	**(47.8)**	**—**	**$ 30.0**	$ 92.0	(32.3)	—	$ 59.8
Depreciation and amortization[(iv)]	**45.9**	**4.1**	**—**	**49.9**	46.5	3.6	—	50.0
Items included in other income (expense) representative of ongoing operations[(v)]	**(3.0)**	**(0.1)**	**(0.4)**	**(3.5)**	(1.4)	—	1.3	(0.2)
Adjusted EBITDA[(iv)]	**$ 120.7**	**(43.9)**	**(0.4)**	**$ 76.3**	$ 137.1	(28.7)	1.3	$ 109.6
Adjusted EBITDA Margin[(iv)]	**11.1 %**	**(96.6)%**	**n/a**	**6.8 %**	12.7 %	(54.7)%	n/a	9.7 %

Management's Discussion and Analysis

($ millions)[i] *(Unaudited)*	**Three months ended September 30, 2021** Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total	Three months ended September 30, 2020 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) before income taxes	**$ 105.3**	**(37.9)**	**(5.2)**	**$ 62.3**	$ 79.8	(43.2)	53.7	$ 90.4
Interest expense and other financing costs	**—**	**—**	**5.7**	**5.7**	—	—	7.5	7.5
Other expense	**(0.6)**	**0.2**	**(0.6)**	**(1.0)**	(1.6)	—	2.9	1.4
Restructuring and other related costs	**0.8**	**—**	**—**	**0.8**	1.7	—	—	1.7
Earnings (loss) from operations	**$ 105.6**	**(37.7)**	**(0.1)**	**$ 67.9**	$ 80.0	(43.1)	64.1	$ 100.9
Start-up expenses from Construction Capital[iii][iv]	**2.0**	**0.6**	**—**	**2.6**	0.4	—	—	0.4
Change in fair value of biological assets	**—**	**—**	**(6.6)**	**(6.6)**	—	—	(40.2)	(40.2)
Unrealized loss on derivative contracts	**—**	**—**	**6.7**	**6.7**	—	—	(23.9)	(23.9)
Adjusted Operating Earnings[iv]	**$ 107.6**	**(37.1)**	**—**	**$ 70.6**	$ 80.4	(43.1)	—	$ 37.3
Depreciation and amortization	**43.1**	**3.9**	**—**	**47.0**	44.1	3.6	—	47.7
Items included in other income (expense) representative of ongoing operations[v]	**0.6**	**(0.2)**	**—**	**0.4**	(1.5)	0.0	(0.5)	(2.0)
Adjusted EBITDA[iv]	**$ 151.3**	**(33.4)**	**—**	**$ 118.0**	$ 123.0	(39.6)	(0.5)	$ 83.0
Adjusted EBITDA Margin[iv]	**13.2 %**	**(69.6)%**	**n/a**	**9.9 %**	12.1 %	(77.0)%	n/a	7.8 %

($ millions)[i] *(Unaudited)*	**Three months ended June 30, 2021** Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total	Three months ended June 30, 2020 Meat Protein Group	Plant Protein Group	Non-Allocated[ii]	Total
Earnings (loss) before income taxes	**$ 86.7**	**(29.6)**	**(42.9)**	**$ 14.2**	$ 92.8	(26.3)	(29.3)	$ 37.2
Interest expense and other financing costs	**—**	**—**	**5.7**	**5.7**	—	—	8.1	8.1
Other expense	**(2.0)**	**0.1**	**5.5**	**3.6**	(1.4)	—	4.1	2.7
Restructuring and other related costs	**1.2**	**—**	**—**	**1.2**	1.5	—	—	1.5
Earnings (loss) from operations	**$ 85.9**	**(29.5)**	**(31.7)**	**$ 24.7**	$ 92.9	(26.3)	(17.2)	$ 49.5
Start-up expenses from Construction Capital[iii][iv]	**1.5**	**0.4**	**—**	**1.9**	0.4	—	—	0.4
Change in fair value of biological assets	**—**	**—**	**51.9**	**51.9**	—	—	26.7	26.7
Unrealized loss on derivative contracts	**—**	**—**	**(20.2)**	**(20.2)**	—	—	(9.5)	(9.5)
Adjusted Operating Earnings[iv]	**$ 87.3**	**(29.1)**	**—**	**$ 58.3**	$ 93.3	(26.3)	—	$ 67.0
Depreciation and amortization	**45.8**	**3.7**	**—**	**49.4**	44.0	3.7	—	47.7
Items included in other income (expense) representative of ongoing operations[vi]	**(1.9)**	**(0.1)**	**—**	**(2.0)**	1.4	—	—	1.3
Adjusted EBITDA[iv]	**$ 131.2**	**(25.5)**	**—**	**$ 105.7**	$ 138.6	(22.6)	—	$ 116.0
Adjusted EBITDA Margin[iv]	**11.7 %**	**(53.1)%**	**n/a**	**9.1 %**	13.3 %	(37.2)%	n/a	10.6 %

(i) *Totals may not add due to rounding.*

(ii) *Non-allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments and are not part of the measures used by the Company when assessing a segment's operating results.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs can include training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

(v) *2021 primarily includes legal settlements, gains and losses on the sale of long-term assets, and other miscellaneous expenses. 2020 primarily includes gains and losses on sale of long-term assets and gains and losses on equity investments.*

(vi) *Primarily includes gain/loss on sale of long-term assets and other miscellaneous expenses.*

Management's Discussion and Analysis

20. FORWARD-LOOKING STATEMENTS

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, projections, beliefs, judgments and assumptions based on information available at the time the applicable forward-looking statement was made and in light of the Company's experience combined with its perception of historical trends. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, targets, goals, objectives, expectations, anticipations, estimates, and intentions. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "propose", "goal", and similar expressions suggesting future events or future performance. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Specific forward-looking information in this document may include, but is not limited to, statements with respect to:

- implications of COVID-19, including implications for supply chain, workforce availability and consumption patterns;
- future performance, including future financial objectives, goals and targets, category growth analysis, expected capital spend and expected SG&A expenditures for the Company and each of its operating segments;
- the execution of the Company's business strategy, including the development and expected timing of business initiatives, brand expansion and repositioning, plant protein category and investment thesis analysis, and other growth opportunities, as well as the impact thereof;
- the impact of international trade conditions and markets on the Company's business, including access to markets, implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF") or Avian Influenza), and other social, economic and political factors that affect trade, including the war in Ukraine;
- competitive conditions and the Company's ability to position itself competitively in the markets in which it competes;
- capital projects, including planning, construction, estimated expenditures, schedules, approvals, expected capacity, in-service dates and anticipated benefits of construction of new facilities and expansions of existing facilities;
- the Company's dividend policy, including future levels and sustainability of cash dividends, the tax treatment thereof and future dividend payment dates;
- the impact of commodity prices on the Company's operations and financial performance, including the use and effectiveness of hedging instruments;
- expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, and availability of capital to fund growth plans, operating obligations and dividends;
- operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives and cost reduction initiatives;
- the implementation, cost and impact of environmental sustainability initiatives, as well as the anticipated future cost of remediating environmental liabilities;
- the adoption of new accounting standards and the impact of such adoption on the financial position of the Company;
- expectations regarding pension plan performance, including future pension plan assets, liabilities and contributions; and
- developments and implications of actual or potential legal actions.

Various factors or assumptions are typically applied by the Company in drawing conclusions or making the forecasts, projections, predictions or estimations set out in the forward-looking statements. These factors and assumptions are based on information currently available to the Company, including information obtained by the Company from third-party sources and include but are not limited to the following:

- expectations regarding the impact and future implications of COVID-19 and adaptations in operations, supply chain, customer and consumer behaviour, economic patterns and international trade;
- the competitive environment, associated market conditions and market share metrics, category growth or contraction, the expected behaviour of competitors and customers and trends in consumer preferences;
- the success of the Company's business strategy, including execution of the strategy in the Meat Protein Group and the outcome of the category analysis related to the strategy for the Plant Protein Groups;

Management's Discussion and Analysis

- prevailing commodity prices, interest rates, tax rates and exchange rates;
- the impact of the war in Ukraine on international relations, trade and markets, as well as the economic condition of and the sociopolitical dynamics between Canada, the U.S., Japan and China, and the ability of the Company to access markets and source ingredients and other inputs in light of global sociopolitical disruption;
- the spread of foreign animal disease (including ASF and Avian Influenza), preparedness strategies to manage such spread, and implications for all protein markets;
- the availability of capital to fund future capital requirements associated with existing operations, assets and projects;
- expectations regarding participation in and funding of the Company's pension plans;
- the availability of insurance coverage to manage certain liability exposures;
- the extent of future liabilities and recoveries related to legal claims;
- prevailing regulatory, tax and environmental laws; and
- future operating costs and performance, including the Company's ability to achieve operating efficiencies and maintain high sales volumes, high turnover of inventories and high turnover of accounts receivable.

Readers are cautioned that these assumptions may prove to be incorrect in whole or in part. The Company's actual results may differ materially from those anticipated in any forward-looking statements.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or projected in the forward-looking statements contained in this document include, among other things, risks associated with the following:

- implications of COVID-19 on the operations and financial performance of the Company, as well the implications for macro socio-economic trends;
- competition, market conditions and the activities of competitors and customers, including the expansion or contraction of key categories (including plant protein);
- the health status of livestock, including the impact of potential pandemics;
- international trade and access to markets and supplies, as well as social, political and economic dynamics, including the war in Ukraine;
- availability of and access to capital;
- decision respecting the return of capital to shareholders;
- the execution of capital projects, including cost, schedule and regulatory variables;
- food safety, consumer liability and product recalls;
- cyber security and the maintenance and operation of the Company's information systems and processes;
- climate change;
- strategic risk management, including the outcome of the analysis of the plant protein category;
- acquisitions and divestitures;
- fluctuations in the debt and equity markets;
- fluctuations in interest rates and currency exchange rates;
- pension assets and liabilities;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the effectiveness of commodity and interest rate hedging strategies;
- impact of changes in the market value of the biological assets and hedging instruments;
- the supply management system for poultry in Canada;
- availability of plant protein ingredients;
- intellectual property, including product innovation, product development, brand strategy and trademark protection;
- consolidation of operations and focus on protein;
- the use of contract manufacturers;
- reputation;
- weather;

Management's Discussion and Analysis

- compliance with government regulation and adapting to changes in laws;
- actual and threatened legal claims;
- consumer trends and changes in consumer tastes and buying patterns;
- environmental regulation and potential environmental liabilities;
- consolidation in the retail environment;
- employment matters, including complying with employment laws across multiple jurisdictions, the potential for work stoppages due to non-renewal of collective agreements, recruiting and retaining qualified personnel, reliance on key personnel and succession planning;
- pricing of products;
- managing the Company's supply chain;
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes; and
- other factors as set out under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2021.

The Company cautions readers that the foregoing list of factors is not exhaustive.

Readers are further cautioned that some of the forward-looking information, such as statements concerning future capital expenditures, Adjusted EBITDA Margin growth in the Meat Protein Group, expected sales and growth margin targets in the Plant Protein Group and SG&A spend, may be considered to be financial outlooks for purposes of applicable securities legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

More information about risk factors can be found under the heading "Risk Factors" in the Company's Annual Management's Discussion and Analysis for the year ended December 31, 2021, that is available on SEDAR at www.sedar.com. The reader should review such section in detail. Additional information concerning the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

All forward-looking statements included herein speak only as of the date hereof. Unless required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

21. ABOUT MAPLE LEAF FOODS INC.

Maple Leaf Foods is a carbon neutral[(i)] company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company employs approximately 13,500 people and does business primarily in Canada, the U.S. and Asia. The Company is headquartered in Mississauga, Ontario and its shares trade on the Toronto Stock Exchange (MFI).

(i) *See the Company's 2021 Sustainability Report that is available on the Maple Leaf Foods website at https://www.mapleleaffoods.com/sustainability.*

Consolidated Interim Financial Statements

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**As at March 31, 2022**	As at March 31, 2021	As at December 31, 2021
ASSETS				*(Audited)*
Cash and cash equivalents		**$ 66,476**	$ 100,977	$ 162,031
Accounts receivable	***3***	**195,662**	185,144	167,082
Notes receivable	***3***	**55,016**	47,414	33,294
Inventories	***4***	**491,443**	453,364	409,677
Biological assets	***5***	**176,102**	166,031	138,209
Income taxes recoverable		**2,388**	1,830	1,830
Prepaid expenses and other assets		**42,155**	89,064	24,988
Total current assets		**$ 1,029,242**	$ 1,043,824	$ 937,111
Property and equipment		**2,232,105**	1,869,070	2,189,165
Right-of-use assets		**165,080**	221,467	161,662
Investments		**22,085**	15,566	22,326
Employee benefits		**25,709**	—	—
Other long-term assets		**16,483**	9,136	11,644
Deferred tax asset		**46,920**	19,117	39,907
Goodwill		**656,420**	650,054	658,673
Intangible assets		**359,726**	334,192	365,318
Total long-term assets		**$ 3,524,528**	$ 3,118,602	$ 3,448,695
Total assets		**$ 4,553,770**	$ 4,162,426	$ 4,385,806
LIABILITIES AND EQUITY				
Accounts payable and accruals		**$ 561,782**	$ 552,126	$ 526,189
Current portion of provisions	***6***	**8,812**	1,114	842
Current portion of long-term debt	***7***	**5,220**	913	5,176
Current portion of lease obligations		**38,176**	81,159	31,375
Income taxes payable		**—**	8,437	23,853
Other current liabilities		**49,601**	47,207	81,265
Total current liabilities		**$ 663,591**	$ 690,956	$ 668,700
Long-term debt	***7***	**1,351,992**	965,459	1,247,073
Lease obligations		**147,592**	158,078	144,391
Employee benefits		**73,539**	94,601	97,629
Provisions	***6***	**38,336**	44,537	44,650
Other long-term liabilities		**4,988**	7,676	1,057
Deferred tax liability		**179,650**	149,031	146,380
Total long-term liabilities		**$ 1,796,097**	$ 1,419,382	$ 1,681,180
Total liabilities		**$ 2,459,688**	$ 2,110,338	$ 2,349,880
Shareholders' equity				
Share capital	***8***	**$ 859,396**	$ 845,287	$ 847,016
Retained earnings		**1,239,959**	1,223,485	1,212,244
Contributed surplus		**16,879**	16,716	5,371
Accumulated other comprehensive income (loss)		**4,094**	(9,470)	(2,459)
Treasury stock		**(26,246)**	(23,930)	(26,246)
Total shareholders' equity		**$ 2,094,082**	$ 2,052,088	$ 2,035,926
Total liabilities and equity		**$ 4,553,770**	$ 4,162,426	$ 4,385,806

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Net Earnings

(In thousands of Canadian dollars, except share amounts) *(Unaudited)*	***Notes***	**Three months ended March 31, 2022**	2021
Sales		**$ 1,126,553**	$ 1,053,083
Cost of goods sold		**972,690**	860,129
Gross profit		**$ 153,863**	$ 192,954
Selling, general and administrative expenses		**119,457**	115,880
Earnings before the following:		**$ 34,406**	$ 77,074
Restructuring and other related costs	***6***	**3,018**	1,668
Other expense		**2,624**	4,542
Earnings before interest and income taxes		**$ 28,764**	$ 70,864
Interest expense and other financing costs	***10***	**7,716**	4,968
Earnings before income taxes		**$ 21,048**	$ 65,896
Income tax expense		**7,361**	18,204
Net earnings		**$ 13,687**	$ 47,692
Earnings per share attributable to common shareholders:	***11***		
Basic earnings per share		**$ 0.11**	$ 0.39
Diluted earnings per share		**$ 0.11**	$ 0.38
Weighted average number of shares (millions):	***11***		
Basic		**124.0**	123.2
Diluted		**126.1**	125.2

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Other Comprehensive Income (Loss)

(In thousands of Canadian dollars) *(Unaudited)*	**Three months ended March 31,**	
	2022	2021
Net earnings	**$ 13,687**	$ 47,692
Other comprehensive income		
Actuarial gains (losses) that will not be reclassified to profit or loss (Net of tax of $13.4 million; 2021: $24.8 million)	**$ 38,901**	$ 72,928
Items that are or may be reclassified subsequently to profit or loss:		
Change in accumulated foreign currency translation adjustment (Net of tax of $0.0 million; 2021: $0.0 million)	**$ (6,973)**	$ (5,465)
Change in foreign exchange on long-term debt designated as a net investment hedge (Net of tax of $0.6 million; 2021: $0.7 million)	**3,561**	3,818
Change in cash flow hedges (Net of tax of $3.4 million; 2021: $2.0 million)	**9,965**	5,591
Total items that are or may be reclassified subsequently to profit or loss	**$ 6,553**	$ 3,944
Total other comprehensive income	**$ 45,454**	$ 76,872
Comprehensive income	**$ 59,141**	$ 124,564

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Changes in Total Equity

(In thousands of Canadian dollars) (Unaudited)	***Notes***	**Share capital**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)(i): Foreign currency translation adjustment**	**Accumulated other comprehensive income (loss)(i): Unrealized gains and losses on cash flow hedges**	**Accumulated other comprehensive income (loss)(i): Unrealized gains on fair value of investments**	**Treasury stock**	**Total equity**
Balance at December 31, 2021		**$ 847,016**	**1,212,244**	**5,371**	**2,037**	**(7,441)**	**2,945**	**(26,246)**	**$2,035,926**
Net earnings		**—**	**13,687**	**—**	**—**	**—**	**—**	**—**	**13,687**
Other comprehensive income (loss)(ii)		**—**	**38,901**	**—**	**(3,412)**	**9,965**	**—**	**—**	**45,454**
Dividends declared ($0.20 per share)		**—**	**(24,873)**	**—**	**—**	**—**	**—**	**—**	**(24,873)**
Share-based compensation expense	***12***	**—**	**—**	**4,396**	**—**	**—**	**—**	**—**	**4,396**
Modification of stock compensation plan	***12***	**—**	**—**	**(3,594)**	**—**	**—**	**—**	**—**	**(3,594)**
Exercise of stock options	***12***	**3,718**	**—**	**—**	**—**	**—**	**—**	**—**	**3,718**
Change in obligation for repurchase of shares	***8***	**8,662**	**—**	**10,706**	**—**	**—**	**—**	**—**	**19,368**
Balance at March 31, 2022		**$ 859,396**	**1,239,959**	**16,879**	**(1,375)**	**2,524**	**2,945**	**(26,246)**	**$2,094,082**

(In thousands of Canadian dollars) (Unaudited)	*Notes*	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)(i): Foreign currency translation adjustment	Accumulated other comprehensive income (loss)(i): Unrealized gains and losses on cash flow hedges	Accumulated other comprehensive income (loss)(i): Unrealized gains on fair value of investments	Treasury stock	Total equity
Balance at December 31, 2020		$ 838,969	1,124,973	5,866	3,002	(16,416)	—	(23,930)	$1,932,464
Net earnings		—	47,692	—	—	—	—	—	47,692
Other comprehensive income (loss)(ii)		—	72,928	—	(1,647)	5,591	—	—	76,872
Dividends declared ($0.18 per share)		—	(22,108)	—	—	—	—	—	(22,108)
Share-based compensation expense	*12*	—	—	4,702	—	—	—	—	4,702
Deferred taxes on share-based compensation		—	—	350	—	—	—	—	350
Exercise of stock options	*12*	1,406	—	—	—	—	—	—	1,406
Change in obligation for repurchase of shares		4,912	—	5,798	—	—	—	—	10,710
Balance at March 31, 2021		$ 845,287	1,223,485	16,716	1,355	(10,825)	—	(23,930)	$2,052,088

(i) *Items that are or may be subsequently reclassified to profit or loss.*

(ii) *Included in other comprehensive income (loss) is the change in actuarial gains and losses that will not be reclassified to profit or loss and has been reclassified to retained earnings.*

See accompanying Notes to the Consolidated Interim Financial Statements.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars) *(Unaudited)*	***Notes***	**Three months ended March 31, 2022**	Three months ended March 31, 2021
CASH PROVIDED BY (USED IN):			
Operating activities			
Net earnings		**$ 13,687**	$ 47,692
Add (deduct) items not affecting cash:			
Change in fair value of biological assets	***5***	**(39,311)**	(38,475)
Depreciation and amortization		**57,191**	50,202
Share-based compensation	***12***	**4,396**	4,702
Deferred income taxes		**7,972**	6,184
Income tax current		**(611)**	12,020
Interest expense and other financing costs	***10***	**7,716**	4,968
Loss on sale of long-term assets		**458**	287
Change in fair value of non-designated derivatives		**1,574**	9,627
Change in net pension obligation		**2,498**	3,383
Net income taxes paid		**(23,612)**	(31,277)
Interest paid, net of capitalized interest	***10***	**(7,676)**	(5,428)
Change in provision for restructuring and other related costs	***6***	**1,713**	41
Change in derivatives margin		**(25,103)**	(35,662)
Other		**(1,251)**	3,606
Change in non-cash operating working capital		**(84,634)**	(62,104)
Cash used in operating activities		**$ (84,993)**	$ (30,234)
Investing activities			
Additions to long-term assets		**$ (97,305)**	$ (160,967)
Interest paid and capitalized	***10***	**(4,497)**	(3,971)
Proceeds from sale of long-term assets		**94**	553
Cash used in investing activities		**$ (101,708)**	$ (164,385)
Financing activities			
Dividends paid		**$ (24,873)**	$ (22,108)
Net increase in long-term debt	***7***	**114,862**	224,861
Payment of lease obligation		**(9,408)**	(9,391)
Receipt of lease inducement		**6,847**	—
Exercise of stock options		**3,718**	1,406
Cash provided by financing activities		**$ 91,146**	$ 194,768
Increase (decrease) in cash and cash equivalents		**$ (95,555)**	$ 149
Cash and cash equivalents, beginning of period		**162,031**	100,828
Cash and cash equivalents, end of period		**$ 66,476**	$ 100,977

See accompanying Notes to the Consolidated Interim Financial Statements.

Notes to the Consolidated Interim Financial Statements

(Tabular amounts in thousands of Canadian dollars unless otherwise indicated)
Three months ended March 31, 2022 and 2021

1. THE COMPANY

Maple Leaf Foods Inc. (“Maple Leaf Foods” or the "Company") is a carbon neutral[(i)] company with a vision to be the most sustainable protein company on earth, responsibly producing food products under leading brands including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife® and Field Roast™. The Company's portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, snacks kits, value-added fresh pork and poultry, and plant protein products. The address of the Company's registered office is 6985 Financial Dr., Mississauga, Ontario, L5N 0A1, Canada. The unaudited condensed consolidated interim financial statements ("Consolidated Interim Financial Statements") of the Company as at and for the three months ended March 31, 2022 include the accounts of the Company and its subsidiaries. The Company's results are organized into two segments: the Meat Protein Group and the Plant Protein Group.

(i) *See the Company's 2021 Sustainability Report that is available on the Maple Leaf Foods website at https://www.mapleleaffoods.com/sustainability.*

2. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Interim Financial Statements should be read in conjunction with the Company’s 2021 annual audited consolidated financial statements ("2021 Consolidated Financial Statements").

(a) Statement of Compliance

The Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies, determination of significant estimates and judgments, and corresponding accounting treatments consistent with the Company’s 2021 Consolidated Financial Statements, except for new standards adopted during the three months ended March 31, 2022 as described below.

The Consolidated Interim Financial Statements were authorized for issue by the Board of Directors on May 3, 2022.

(b) Accounting Standards Adopted During the Period

Beginning on January 1, 2022, the Company adopted certain International Financial Reporting Standards ("IFRS") and amendments. As required by IAS 34 and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

Onerous Contracts - Cost of Fulfilling a Contract

Beginning January 1, 2022, the Company adopted the amendment to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to the contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling that contract. The adoption of the amendment did not have a material impact on the Consolidated Interim Financial Statements.

Annual Improvements to IFRS (2018-2020) Cycle

Beginning January 1, 2022, the Company adopted the narrow-scope amendments to three standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability in accordance with IFRS 9. The amendments also remove the requirement in IAS 41 *Agriculture* for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. Lastly, an amendment was made to IFRS 1 *First-time Adoption of International Financial Reporting Standards* for subsidiaries as a first-time adopter. The adoption of the amendment did not have a material impact on the Consolidated Interim Financial Statements.

(c) Accounting Pronouncements Issued But Not Yet Effective

Classification of Liabilities as Current or Non-current

On January 23, 2020, an amendment was issued to IAS 1 *Presentation of Financial Statements* to address inconsistencies with how entities classify current and non-current liabilities. The amendment serves to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the consolidated balance sheets. This amendment is effective on January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements)*. The amendments help companies provide useful accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On May 7, 2021 the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 *Income Taxes* (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company intends to adopt this amendment in its Consolidated Financial Statements for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the Consolidated Financial Statements.

3. ACCOUNTS RECEIVABLE

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Trade receivables	**$ 145,511**	$ 146,235	$ 122,030
Less: Allowance for doubtful accounts	**(1,738)**	(2,062)	(2,041)
Net trade receivables	**$ 143,773**	$ 144,173	$ 119,989
Other receivables:			
Commodity taxes receivable	**14,700**	16,263	13,188
Government receivable	**17,783**	10,327	17,871
Other	**19,406**	14,381	16,034
	$ 195,662	$ 185,144	$ 167,082

The aging of trade receivables is as follows:

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Current	**$ 121,973**	$ 118,989	$ 94,110
Past due 0-30 days	**19,554**	22,644	20,088
Past due 31-60 days	**2,008**	1,732	3,473
Past due > 60 days	**1,976**	2,870	4,359
	$ 145,511	$ 146,235	$ 122,030

Trade receivables are impaired when their estimated future cash flows are less than their contractual cash flows. The amount of impairment takes into account the financial condition of the customers, delinquencies in payments, collaterals and credit insurance coverage on the trade receivables.

The Company has a three-year accounts receivable securitization facility (the "Securitization Facility") maturing July 19, 2022. The maximum cash advance available to the Company under the Securitization Facility is $120.0 million (March 31, 2021: $120.0 million; December 31, 2021: $120.0 million). The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

As at March 31, 2022, trade accounts receivable being serviced under this program amounted to $160.7 million (March 31, 2021: $155.5 million; December 31, 2021: $145.6 million). In return for the sale of its trade receivables, the Company will receive cash of

$120.0 million (March 31, 2021: $120.0 million; December 31, 2021: $112.3 million) and notes receivable in the amount of $40.7 million (March 31, 2021: $35.5 million; December 31, 2021: $33.3 million). The notes receivable are non-interest bearing and are settled on the settlement dates of the securitized accounts receivable. Due to the timing of receipts and disbursements, the Company may, from time to time, also record a receivable or payable related to the Securitization Facility. As at March 31, 2022, the Company recorded a net receivable in the amount of $14.3 million (March 31, 2021: $11.9 million net receivable; December 31, 2021: $7.7 million net payable) in notes receivables (March 31, 2021: notes receivables; December 31, 2021: accounts payable and accruals).

The sale of trade receivables under the Securitization Facility are treated as a sale from an accounting perspective and as a result, trade receivables sold under this facility are derecognized from the unaudited condensed consolidated interim balance sheets ("Consolidated Interim Balance Sheets") as at March 31, 2022 and 2021 and the 2021 annual audited consolidated balance sheet as at December 31, 2021.

4. INVENTORIES

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Raw materials	**$ 80,045**	$ 68,997	$ 73,580
Work in process	**40,675**	37,060	33,964
Finished goods	**281,568**	266,231	217,937
Packaging	**23,477**	22,140	20,752
Spare parts	**65,678**	58,936	63,444
	$ 491,443	$ 453,364	$ 409,677

For the three months ended March 31, 2022, inventory in the amount of $911.4 million (2021: $807.6 million) was expensed through cost of goods sold.

As at March 31, 2022, inventories have been reduced by $10.4 million (March 31, 2021: $9.1 million; December 31, 2021: $10.7 million) as a result of write-downs to net realizable value. The write-downs are included in the amount expensed through cost of goods sold.

5. BIOLOGICAL ASSETS

The change in fair value of commercial hog stock for the three months ended March 31, 2022 was a gain of $39.3 million (2021: gain of $38.5 million) and was recorded in cost of goods sold.

The fair value measures of commercial hog stock have been categorized as a Level 3 fair value based on inputs to the valuation techniques used. There were no transfers between levels for the three months ended March 31, 2022 and March 31, 2021.

6. PROVISIONS

			Restructuring and related provisions		
	Legal	**Environ-mental**	**Severance and other employee related costs**	**Site closing and other cash costs**	**Total**
Balance at December 31, 2021[(i)]	**$ 650**	**2,449**	**42,344**	**49**	**$ 45,492**
Charges	**—**	**—**	**3,997**	**6**	**4,003**
Reversals	**—**	**—**	**(2,132)**	**—**	**(2,132)**
Cash payments	**(20)**	**(37)**	**(103)**	**(55)**	**(215)**
Balance at March 31, 2022	**$ 630**	**2,412**	**44,106**	**—**	**$ 47,148**
Current					**$ 8,812**
Non-current					**38,336**
Total at March 31, 2022					**$ 47,148**

(i) *Balance as at December 31, 2021, includes current portion of $0.8 million and non-current portion of $44.7 million.*

			Restructuring and related provisions		
	Legal	Environ-mental	Severance and other employee related costs	Site closing and other cash costs	Total
Balance at December 31, 2020	$ 739	2,621	42,338	61	$ 45,759
Charges	—	—	1,009	—	1,009
Reversals	—	(140)	(313)	—	(453)
Cash payments	—	(8)	(607)	(49)	(664)
Balance at March 31, 2021	$ 739	2,473	42,427	12	$ 45,651
Current					$ 1,114
Non-current					44,537
Total at March 31, 2021					$ 45,651

Restructuring and Other Related Costs

During the three months ended March 31, 2022, the Company recorded restructuring and other related costs of $3.0 million (2021: $1.7 million). Of this amount, $1.1 million (2021: $1.0 million) related to accelerated depreciation and $1.9 million (2021: $0.5 million) related to severance and other employee costs as a result of the announced future closure of the Schomberg poultry plant as well as the previously announced future closures of the Brampton, Toronto, St. Mary's poultry plants. The remaining $0.2 million in 2021 related to employee related costs for other organizational restructuring initiatives.

7. LONG-TERM DEBT

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Revolving line of credit	**$ 664,376**	$ 275,000	$ 555,219
U.S. term credit	**330,667**	333,026	334,828
Canadian term credit	**350,000**	350,000	350,000
Government loans	**12,169**	8,346	12,202
Total long-term debt	**$ 1,357,212**	$ 966,372	$ 1,252,249
Current	**$ 5,220**	$ 913	$ 5,176
Non-current	**1,351,992**	965,459	1,247,073
Total long-term debt	**$ 1,357,212**	$ 966,372	$ 1,252,249

The Company has a syndicated credit facility (the "Credit Facility") consisting of a $1,300.0 million unsecured committed revolving line of credit maturing April 30, 2024 and two unsecured committed term credit facilities for US$265.0 million and $350.0 million maturing April 30, 2024 and April 30, 2023, respectively. The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and the London Inter-bank Offered Rate ("Libor") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments in addition to providing appropriate levels of liquidity for general corporate purposes. On December 11, 2019, the Company amended the Credit Facility to reduce interest paid upon achievement of certain sustainability targets. Subsequent to the issuance of the Company's 2020 Sustainability Report, the Company successfully achieved these sustainability targets. This reduction took effect in the fourth quarter of 2021. There is no penalty for not achieving the targets. In addition to the drawings on the revolving facility and the term credit, as at March 31, 2022 the Company had drawn letters of credit of $8.0 million on the Credit Facility (March 31, 2021: $6.4 million; December 31, 2021: $8.2 million).

The Credit Facility requires the maintenance of certain covenants. As at March 31, 2022, the Company was in compliance with all of these covenants. The primary financial covenant requires that the Company maintain a Total Debt to Capitalization ratio below a specified threshold.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of $125.0 million (March 31, 2021: $125.0 million; December 31, 2021: $125.0 million). As at March 31, 2022, $58.6 million in letters of credit had been issued thereon (March 31, 2021: $66.8 million; December 31, 2021: $66.8 million).

The Company has various government loans on specific projects, with contractual interest rates ranging from non-interest bearing to 2.9% per annum (March 31, 2021: 0.0% to 2.9%; December 31, 2021: 0.0% to 2.9%). These specific facilities are repayable over various terms and are maturing from 2022 to 2032. As at March 31, 2022, $12.2 million (March 31, 2021: $8.3 million; December 31, 2021: $12.2 million) was outstanding. All of these facilities are committed.

The following table reconciles the changes in cash flows from financing activities for long-term debt for the period in the respective years:

	Three months ended March 31,	
	2022	2021
Total long-term debt, beginning of period	**$ 1,252,249**	$ 745,948
Revolving and term credit facilities - net drawings	**$ 115,000**	$ 225,000
Government loans - repayments	**(138)**	(139)
Total cash flow from long-term debt financing activities	**$ 114,862**	$ 224,861
Foreign exchange revaluation	**$ (10,004)**	$ (4,518)
Other non-cash changes	**105**	81
Total non-cash changes	**$ (9,899)**	$ (4,437)
Total long-term debt, end of period	**$ 1,357,212**	$ 966,372

8. SHARE CAPITAL

Share Repurchase

On May 20, 2021 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2021 and will terminate on May 24, 2022, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the three months ended March 31, 2022, no shares were repurchased for cancellation.

On May 21, 2020 the TSX accepted the Company's notice of intention to commence an NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2020 and was terminated on May 24, 2021. During the three months ended March 31, 2021, no shares were purchased for cancellation.

The Company entered into an Automatic Share Purchase Plan ("ASPP") with a broker that allows the purchase of common shares for cancellation under the NCIB at any time during predetermined trading blackout periods. As at March 31, 2022, an obligation for the repurchase of shares of $29.7 million (March 31, 2021: $19.1 million, December 31, 2021: $49.1 million) was recognized under the ASPP.

9. FINANCIAL INSTRUMENTS

The Company applies hedge accounting as appropriate and uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates, interest rates, and commodity prices.

The fair values and notional amounts of derivative financial instruments as at March 31 are shown below:

	2022			2021		
	Notional amount(i)	**Fair value Asset**(ii)	**Fair value Liability**(ii)	Notional amount(i)	Fair value Asset(ii)	Fair value Liability(ii)
Cash flow hedges						
Foreign exchange contracts	**$ 122,464**	**$ 1,511**	**$ —**	$ 109,751	$ 1,683	$ —
Commodity contracts	**$ —**	**—**	**—**	$ 25,530	2,346	—
Interest rate swaps	**$ 465,667**	**7,275**	**816**	$ 468,026	—	14,034
		$ 8,786	**$ 816**		$ 4,029	$ 14,034
Fair value hedges(iii)						
Foreign exchange contracts	**$ 47,484**	**$ 822**	**$ —**	$ 135,322	$ 3,374	$ 44
Commodity contracts	**$ 44,041**	**—**	**3,545**	$ 125,531	—	25,133
		$ 822	**$ 3,545**		$ 3,374	$ 25,177
Derivatives not designated in a formal hedging relationship						
Interest rate swaps	**$ 467,755**	**$ —**	**$ 3,362**	$ —	$ —	$ —
Foreign exchange contracts	**$ 129,785**	**893**	**949**	$ 258,260	3,008	933
Commodity contracts	**$ 554,661**	**1,631**	**9,113**	$ 357,600	829	11,644
		$ 2,524	**$ 13,424**		$ 3,837	$ 12,577
Total fair value		**$ 12,132**	**$ 17,785**		$ 11,240	$ 51,788
Current(ii)(iv)(v)		**$ 7,014**	**$ 17,785**		$ 11,240	$ 44,112
Non-current(ii)		**5,118**	**—**		—	7,676
Total fair value		**$ 12,132**	**$ 17,785**		$ 11,240	$ 51,788

(i) *Unless otherwise stated, notional amounts are stated at the contractual Canadian dollar equivalent.*

(ii) *The current portion of derivative assets and liabilities are recorded in prepaid expenses and other assets and other current liabilities, respectively, in the Consolidated Interim Balance Sheets. The non-current portion of derivative assets and liabilities are recorded in other long-term assets and other long-term liabilities, respectively, in the Consolidated Interim Balance Sheets.*

(iii) *The carrying amount of the hedged items in the Consolidated Interim Balance Sheets are recorded at the inverse of the associated hedging instruments and are equal to the accumulated fair value hedge adjustments less hedge ineffectiveness.*

(iv) *Short-term derivatives will impact profit or loss at various dates within the next 12 months.*

(v) *As at March 31, 2022, the above fair value of current assets has been increased by $7.4 million (March 31, 2021: increased by $7.1 million; December 31, 2021: decreased by $0.5 million), and the above fair value of current liabilities has been decreased by $12.5 million (March 31, 2021: $36.7 million; December 31, 2021: $0.0 million) on the Consolidated Interim Balance Sheets, representing the difference in the fair market value of exchange traded commodity contracts and the initial margin requirements. The difference in margin requirements and fair market value is net settled in cash each day with the futures exchange and is recorded within cash and cash equivalents.*

During the three months ended March 31, 2022, the Company recorded a pre-tax loss of $8.2 million (2021: loss of $14.8 million) on non-designated financial instruments held for trading.

During the three months ended March 31, 2022, the pre-tax amount of hedge ineffectiveness recognized in cost of goods sold was a loss of $0.0 million (2021: loss of $0.0 million).

The table below sets out fair value measurements of derivative financial instruments as at March 31, 2022 using the fair value hierarchy:

		Level 1	Level 2	Level 3		Total
Assets:						
Foreign exchange contracts	$	—	3,226	—	$	3,226
Commodity contracts[(i)]		—	1,631	—		1,631
Interest rate swaps		—	7,275	—		7,275
	$	**—**	**12,132**	**—**	**$**	**12,132**
Liabilities:						
Foreign exchange contracts	$	—	949	—	$	949
Commodity contracts[(i)]		12,658	—	—		12,658
Interest rate swaps		—	4,178	—		4,178
	$	**12,658**	**5,127**	**—**	**$**	**17,785**

(i) *Level 1 commodity contracts are net settled and recorded as a net asset or liability on the Consolidated Interim Balance Sheets.*

There were no transfers between levels for the three months ended March 31, 2022 and March 31, 2021.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available and is consistent with the methodology used in the 2021 Consolidated Financial Statements. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

Accumulated other comprehensive income (loss)

The Company estimates that $2.1 million, net of tax of $0.7 million, of the unrealized gain included in accumulated other comprehensive income (loss) will be reclassified into net earnings within the next 12 months. The actual amount of this reclassification will be impacted by future changes in the fair value of financial instruments designated as cash flow hedges. The actual amount reclassified could differ from this estimated amount.

During the three months ended March 31, 2022, a loss of $1.0 million, net of tax of $0.4 million, was released to earnings from accumulated other comprehensive income (loss) and included in the net change for the year (2021: loss of $1.1 million, net of tax of $0.4 million).

As at March 31, 2022, the Company had US$265.0 million (March 31, 2021: US$265.0 million; December 31, 2021: US$265.0 million) drawn on the Credit Facility that is designated as a net investment hedge of the Company's U.S. operations. Foreign exchange gains and losses on the designated drawings are recorded in shareholders' equity in accumulated other comprehensive income (loss) and offset translation adjustments on the underlying net assets of the U.S. operations, which are also recorded in accumulated other comprehensive income (loss).

During the three months ended March 31, 2022, the gain on the net investment hedge recorded in other comprehensive income (loss) was $3.6 million, net of tax of $0.6 million (2021: gain of $3.8 million, net of tax of $0.7 million).

10. INTEREST EXPENSE AND OTHER FINANCING COSTS

	Three months ended March 31,	
	2022	2021
Interest on borrowings from credit facility	**$ 8,969**	$ 5,186
Interest on lease obligations	**1,480**	1,994
Interest on securitized receivables	**339**	202
Interest on government loans	**105**	81
Deferred finance charges	**416**	424
Credit facility standby fees and other interest	**904**	1,052
	$ 12,213	$ 8,939
Interest paid and capitalized	**(4,497)**	(3,971)
	$ 7,716	$ 4,968

Interest paid during the three months ended March 31, 2022 was $12.2 million (2021: $9.4 million).

11. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net earnings of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net earnings of the Company by the weighted average number of shares outstanding during the year, adjusted for the effects of potentially dilutive instruments.

The following table sets forth the calculation of basic and diluted earnings per share (“EPS”):

	2022			2021		
Three months ended March 31,	**Net earnings**	**Weighted average number of shares**[(i)]	**EPS**	Net earnings	Weighted average number of shares[(i)]	EPS
Basic	**$ 13,687**	**124.0**	**$ 0.11**	$ 47,692	123.2	$ 0.39
Stock options[(ii)]		**2.1**			2.0	
Diluted	**$ 13,687**	**126.1**	**$ 0.11**	$ 47,692	125.2	$ 0.38

[(i)] *In millions.*

[(ii)] *Excludes the effect of approximately 1.5 million (2021: 2.8 million) options and performance shares that are anti-dilutive.*

12. SHARE-BASED PAYMENT

Stock Options

A summary of the status of the Company’s outstanding stock options three months ended March 31 are presented below:

	2022		2021	
	Options outstanding	**Weighted average exercise price**	Options outstanding	Weighted average exercise price
Outstanding at January 1	**6,076,750**	**$ 26.22**	5,889,550	$ 25.48
Granted	**730,500**	**$ 28.20**	1,241,250	$ 25.10
Exercised	**(164,970)**	**$ 22.53**	(63,900)	$ 21.26
Outstanding at March 31	**6,642,280**	**$ 26.53**	7,066,900	$ 25.45
Options currently exercisable	**4,585,430**	**$ 26.88**	4,498,500	$ 25.79

All outstanding stock options vest and become exercisable over a period not exceeding five years (time vesting) from the date of grant. The outstanding options have a term of seven years.

At grant date, each option series is measured at fair value based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in this model for the options granted during the three months ended March 31, 2022 and 2021 are shown in the table below(i):

	Three months ended March 31,	
	2022	2021
Share price at grant date	**$29.91**	$26.38
Exercise price	**$28.20**	$25.10
Expected volatility	**28.4%**	26.4%
Option life (in years)(ii)	**4.5**	4.5
Expected dividend yield	**3.3%**	2.7%
Risk-free interest rate(iii)	**2.0%**	0.6%

(i) *Weighted average based on number of units granted.*

(ii) *Expected weighted average life.*

(iii) *Based on Government of Canada bonds.*

The fair value of options granted during the three months ended March 31, 2022 was $4.2 million (2021: $5.7 million). Expenses relating to current and prior year options were $1.2 million (2021: $1.2 million).

Restricted Share Units and Performance Share Units

A summary of the status of the Company's Restricted Share Units ("RSUs") plans (including Performance Share Units ("PSUs")) as at and for the three months ended March 31 are presented below:

	2022		2021	
	RSUs outstanding	**Weighted average fair value at grant**	RSUs outstanding	Weighted average fair value at grant
Outstanding at January 1	**1,742,421**	**$ 23.59**	1,550,135	$ 24.99
Granted	**659,980**	**$ 27.11**	548,050	$ 24.12
Forfeited	**(4,307)**	**$ 23.79**	(4,760)	$ 23.45
Outstanding at March 31	**2,398,094**	**$ 24.56**	2,093,425	$ 24.76

The fair value of RSUs and PSUs granted during the three months ended March 31, 2022 was $15.1 million (2021: $11.4 million). Expenses for the three months ended March 31, 2022 relating to current and prior year RSUs and PSUs were $4.2 million (2021: $3.1 million), of which $1.4 million (2021: $0.0 million) will be paid in cash and the remainder settled in shares.

During the three months ended March 31, 2022 the Company stated its intention to settle a portion of the outstanding Restricted Share Units and Performance Share Units in cash, and an amount of $3.6 million was re-classified from equity to other liabilities. The total liability recorded for these units is $5.0 million.

The key assumptions used in the valuation of fair value of RSUs granted during the three months ended March 31, 2022 and 2021 are shown in the table below(i):

	2022	2021
Expected RSU life (in years)	**3.1**	3.2
Forfeiture rate	**15.6%**	13.9%
Risk-free interest rate(ii)	**2.0%**	0.5%

(i) *Weighted average based on number of units granted.*

(ii) *Based on Government of Canada bonds.*

Deferred Share Units

Expenses for the three months ended March 31, 2022 relating to director share units were $0.4 million (2021: $0.4 million).

13. SEGMENTED FINANCIAL INFORMATION

The Company has two reportable segments. As described below, these segments offer different products, with separate organizational structures, brands, financial, and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses; performance of the Meat Protein Group is based on revenue growth, Adjusted Operating Earnings and Adjusted EBITDA, while the performance of the Plant Protein Group is based predominantly on revenue growth rates, gross margin optimization and controlling investment levels, which generate high revenue growth rates. Refer to section 19. Non-IFRS Financial Measures, of the Company's Management's Discussion and Analysis for the three months ended March 31, 2022, for the definitions of these non-IFRS financial measures. The operations of each segment are described as follows:

(a) The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels, and agricultural operations in pork and poultry. The Meat Protein Group includes leading brands such as Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, and many leading regional brands.

(b) The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein and vegan cheese products sold to retail, foodservice and industrial channels. The Plant Protein Group includes the brands Lightlife® and Field Roast™.

	Three months ended March 31, 2022				Three months ended March 31, 2021			
	Meat Protein Group	**Plant Protein Group**	**Non-Allocated(i)**	**Total(ii)**	Meat Protein Group	Plant Protein Group	Non-Allocated(i)	Total(ii)
Sales	**$1,089,365**	**44,878**	**(7,690)**	**$1,126,553**	$1,013,712	42,605	(3,234)	$1,053,083
Gross profit (loss)	**$ 130,960**	**(6,263)**	**29,166**	**$ 153,863**	$ 166,097	143	26,714	$ 192,954
Selling, general and administrative expenses	**$ 88,624**	**30,832**	**—**	**$ 119,457**	$ 87,081	28,799	—	$ 115,880
Earnings (loss) before income taxes	**$ 37,809**	**(37,127)**	**20,367**	**$ 21,048**	$ 76,210	(28,715)	18,401	$ 65,896
Interest expense and other financing costs	**—**	**—**	**7,716**	**7,716**	—	—	4,968	4,968
Other expense	**1,509**	**32**	**1,083**	**2,624**	1,138	59	3,345	4,542
Restructuring and other related costs	**3,018**	**—**	**—**	**3,018**	1,668	—	—	1,668
Earnings (loss) from operations	**$ 42,336**	**(37,095)**	**29,166**	**$ 34,406**	$ 79,016	(28,656)	26,714	$ 77,074
Start-up expenses from Construction Capital(iii)(iv)	**8,652**	**2,224**	**—**	**10,876**	600	576	—	1,176
Change in fair value of biological assets	**—**	**—**	**(39,311)**	**(39,311)**	—	—	(38,475)	(38,475)
Unrealized loss on derivative contracts	**—**	**—**	**10,145**	**10,145**	—	—	11,761	11,761
Adjusted Operating Earnings(iv)	**$ 50,988**	**(34,871)**	**—**	**$ 16,116**	$ 79,616	(28,080)	—	$ 51,536
Depreciation and amortization(v)	**48,039**	**4,216**	**—**	**52,255**	45,477	3,753	—	49,230
Items included in other (expense) income representative of ongoing operations	**(1,509)**	**(33)**	**—**	**(1,542)**	(1,232)	(59)	—	(1,291)
Adjusted EBITDA(iv)	**$ 97,518**	**(30,688)**	**—**	**$ 66,830**	$ 123,861	(24,386)	—	$ 99,475

(i) *Non-Allocated includes eliminations of inter-segment sales and associated cost of goods sold, and non-allocated costs which are comprised of income and expenses not separately identifiable to reportable segments or are not part of the measures used by the Company when assessing a segment's operating results.*

(ii) *Totals may not add due to rounding.*

(iii) *Start-up expenses are temporary costs as a result of operating new facilities that are or have been classified as Construction Capital. These costs include but are not limited to training, product testing, yield and labour efficiency variances, duplicative overheads and other temporary expenses required to ramp-up production.*

(iv) *Certain comparative figures have been restated to conform with current year presentation.*

(v) *Depreciation and Amortization has been adjusted to remove amounts included in start-up expenses.*

The following summarizes capital expenditures by segments:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Meat Protein Group	**$ 81,873**	$ 144,303
Plant Protein Group	**3,871**	38,018
Non-allocated capital expenditures	**3,632**	2,391
Total capital expenditures	**$ 89,376**	$ 184,712

Information About Geographic Areas

The following summarizes sales by country of origin:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Canada	**$ 829,961**	$ 771,100
U.S.	**147,987**	124,401
Japan	**98,673**	99,182
Other	**49,932**	58,400
Sales	**$ 1,126,553**	$ 1,053,083

The following summarizes the location of non-current assets by country:

	As at March 31, 2022	As at March 31, 2021	As at December 31, 2021
Canada	**$ 2,960,550**	$ 2,664,823	$ 2,910,048
U.S.	**471,038**	420,897	478,062
Other	**829**	1,197	963
Total non-current assets[(i)]	**$ 3,432,417**	$ 3,086,917	$ 3,389,073

(i) *Excludes financial instruments, investments designated as financial instruments, employee benefits, and deferred tax assets.*

Information About Major Customers

For the three months ended March 31, 2022, the Company reported Meat and Plant Protein sales to two customers representing 11.5% and 11.3% (2021: 11.8% and 12.8%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

14. RELATED PARTY TRANSACTIONS

The Company sponsors a number of defined benefit, defined contribution and post-retirement benefit plans. During the three months ended March 31, 2022, the Company contributed $7.7 million (2021: $7.6 million) to these plans.

The Company's largest shareholder is McCain Capital Inc. ("MCI"). The Company has been informed that Mr. Michael H. McCain, Chief Executive Officer and President of the Company, is the controlling shareholder of MCI. For the three months ended March 31, 2022, the Company received services from MCI and companies directly or indirectly owned by MCI in the amount of $0.8 million (2021: $0.0 million), which represented the market value of these transactions. As at March 31, 2022, $0.3 million (March 31, 2021: $0.0 million; December 31, 2021: $0.6 million) was owed to MCI and companies directly or indirectly owned by MCI relating to these transactions.

McCain Financial Advisory Services ("MFAS"), is an entity jointly controlled by individuals including Mr. Michael H. McCain. For the three months ended March 31, 2022 and 2021, the Company provided services to and received services from, MFAS for a nominal amount which represented the market value of the transactions.